

**TOWN OF EAST WINDSOR, CONNECTICUT**

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

**JUNE 30, 2017**

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# **Independent Auditor's Report**

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## 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, 2017, 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, 2017, 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 52 through 57 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 58 through 72 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 73 through 81 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 27, 2017, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Glastonbury, Connecticut  
December 27, 2017

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

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**JUNE 30, 2017**

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The management of the Town of East Windsor, Connecticut (the "Town"), offers readers of its financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017.

**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 \$58,972,399 (net position). Of this amount, \$8,717,637 is considered to be unrestricted. The Town's total net position increased by \$1,094,041.
- The Town's total long-term debt consisting of general obligation bonds, notes payable and capital leases increased by \$5,283,548 or 83.1% during the current fiscal year due to the issuance of \$5,740,000 in general obligation bonds, offset by scheduled principal repayments.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$16,364,818, an increase of \$2,911,582 in comparison with the prior year. Of this amount, \$7,805,063 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 \$8,140,327. Unassigned fund balance is sufficient to cover 2.6 months of and represents 21.6% of total General Fund GAAP basis expenditures.

**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, 2017**

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

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

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

The government-wide financial statements include only the Town itself because there are no legally separate organizations for which the Town is financially accountable. The government-wide financial statements can be found on pages 13 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, 2017**

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

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 51 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 52 through 81 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 \$58,972,399 and \$57,878,358 as of June 30, 2017 and 2016, respectively. The decrease in other liabilities reflects the retirement of bond anticipation notes payable in the amount of \$4,900,000, which was retired through the issuance of \$3,000,000 in general obligation bonds with the remaining balance paid from reimbursements received from the State of Connecticut. In addition, the Town issued \$2,740,000 in general obligation bonds during the current fiscal year to fund road improvements. The decrease in unrestricted net position reflects an increase in the Town's net pension liability of approximately \$1.5 million, which is primarily due to the Town decreasing the discount rate used to measure the total pension liability from 7.0% to 6.5%.

	<b>2017</b>	<b>2016</b>
Current and other assets	\$ 20,784,649	\$ 21,381,463
Capital assets	59,313,345	57,717,740
Total assets	<u>80,097,994</u>	<u>79,099,203</u>
Deferred outflows of resources	<u>2,475,425</u>	<u>1,547,289</u>
Other liabilities	2,760,284	9,067,631
Long-term liabilities	<u>20,736,415</u>	<u>13,625,561</u>
Total liabilities	<u>23,496,699</u>	<u>22,693,192</u>
Deferred inflows of resources	<u>104,321</u>	<u>74,942</u>
Net position:		
Net investment in capital assets	50,159,825	47,177,997
Restricted	94,937	69,877
Unrestricted	<u>8,717,637</u>	<u>10,630,484</u>
Total net position	<u><u>\$ 58,972,399</u></u>	<u><u>\$ 57,878,358</u></u>

**TOWN OF EAST WINDSOR, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)  
JUNE 30, 2017**

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

**Net Position (Continued)**

As of June 30, 2017 and 2016, 85.1% and 81.5%, respectively, of the Town's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Less than 1% of the Town's net position as of June 30, 2017 and 2016 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, 2017 and 2016 are as follows.

	<u><b>2017</b></u>	<u><b>2016</b></u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 3,586,163	\$ 3,897,607
Operating grants and contributions	10,448,754	10,869,596
Capital grants and contributions	1,520,575	2,818,717
General revenues:		
Property taxes, levied for general purposes	30,134,213	29,433,906
Grants and contributions not restricted to specific programs	440,938	216,587
Unrestricted investment earnings	114,942	53,993
Total revenues	<u>46,245,585</u>	<u>47,290,406</u>
<b>Expenses</b>		
General government	4,145,796	3,756,741
Public safety	6,457,877	6,787,084
Conservation and health	508,810	400,892
Highways	2,757,613	2,477,084
Sanitation and waste removal	3,105,202	3,277,211
Culture and recreation	674,425	608,579
Education	27,255,067	27,346,163
Interest expense	246,754	229,984
Total expenses	<u>45,151,544</u>	<u>44,883,738</u>
Change in net position	<u><u>\$ 1,094,041</u></u>	<u><u>\$ 2,406,668</u></u>

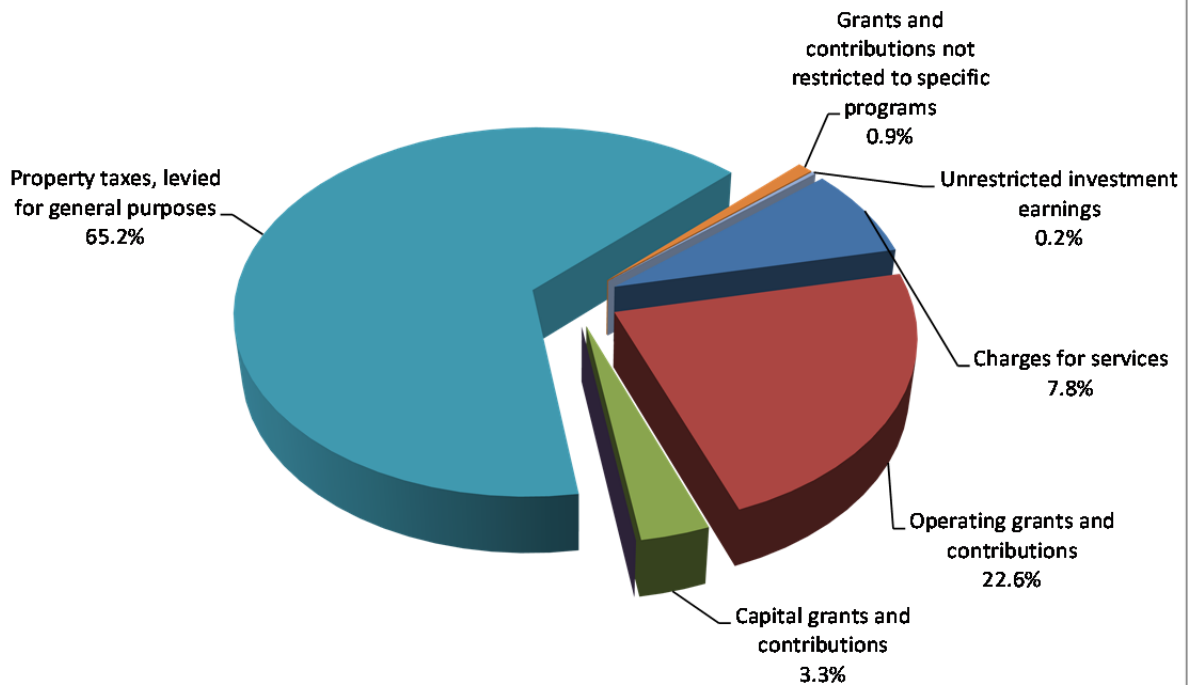
TOWN OF EAST WINDSOR, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)  
JUNE 30, 2017

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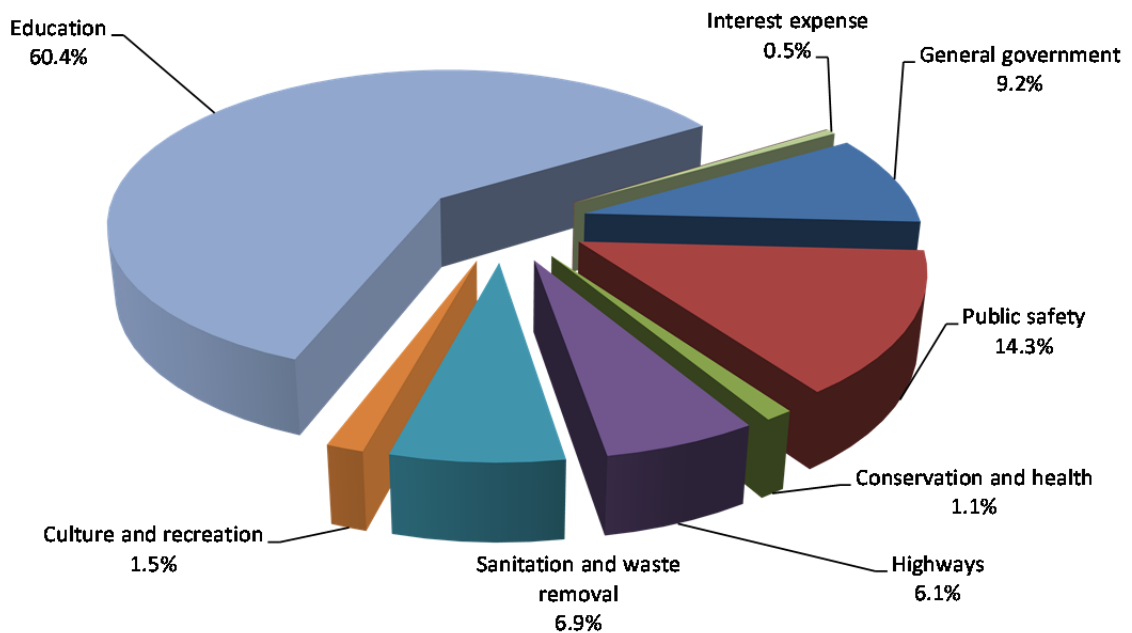
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)

2017 Revenues by Source - Governmental Activities



2017 Expenses by Function - Governmental Activities



**TOWN OF EAST WINDSOR, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2017**

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

***Governmental Activities***

Overall, the net position of the Town increased by \$1,094,041 during the current fiscal year compared to an increase of \$2,406,668 during the prior year.

Total revenues decreased by \$1,044,821 or 2.2% over prior year revenues. The main driver in the decrease was a decrease in capital grants of \$1,298,142. Revenues from capital grants fluctuate year over year based on the timing of capital projects. In the current year, the Town incurred less costs in connection with the construction of the modular classrooms at the Broad Brook Elementary School, resulting in a corresponding decrease in grant revenue recognized from the State of Connecticut.

Total expenses increased by \$267,806 or 0.6% over prior year expenses.

**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 \$16,364,818, an increase of \$2,911,582 in comparison with the prior year. Of this amount, \$7,805,063 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 \$8,140,327. 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 21.6% of total General Fund GAAP basis expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 2.6 months of General Fund expenditures.

***Capital and Nonrecurring Fund***

The fund balance in the Capital and Nonrecurring Fund increased by \$818,405 from \$735,721 to \$1,554,126. The increase in fund balance was primarily due to additional appropriations of \$896,200 being transferred from the General Fund to fund future capital improvements and purchases.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2017**

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

**Governmental Funds (Continued)**

***Capital Projects Fund***

The fund balance in the Capital Projects Fund increased by \$1,514,633 from \$1,139,560 to \$2,654,193. The increase in fund balance was primarily due to the issuance of general obligation bonds in the amount of \$2,740,000 to fund road improvements for which the majority of costs will be incurred in the subsequent fiscal year.

***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 budget contemplated the use of fund balance of \$250,000. During the year, additional appropriations of \$906,200 were authorized to be transferred to other funds for the purpose of funding capital improvements and purchases. The actual increase in fund balance totaled \$369,345, resulting in a favorable budgetary variance of \$1,525,545. Revenues and transfers in exceeded budgetary estimates by \$549,860, while expenditures and transfers out were less than budgetary estimates by \$975,685.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Town's capital assets for its governmental activities as of June 30, 2017 totaled \$59,313,345 (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 \$1,595,605 during the year. The following is a summary of current year significant capital events:

- Continued construction in progress of \$1,122,085 relating to the construction of modular classrooms for the Broad Brook Elementary School. This project was substantially completed during the year and \$5,809,208 was transferred from construction in progress to building and improvements.
- Minor school construction improvements at the Town's educational facilities including window replacements, plumbing and lavatory renovations totaling \$1,040,672.

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

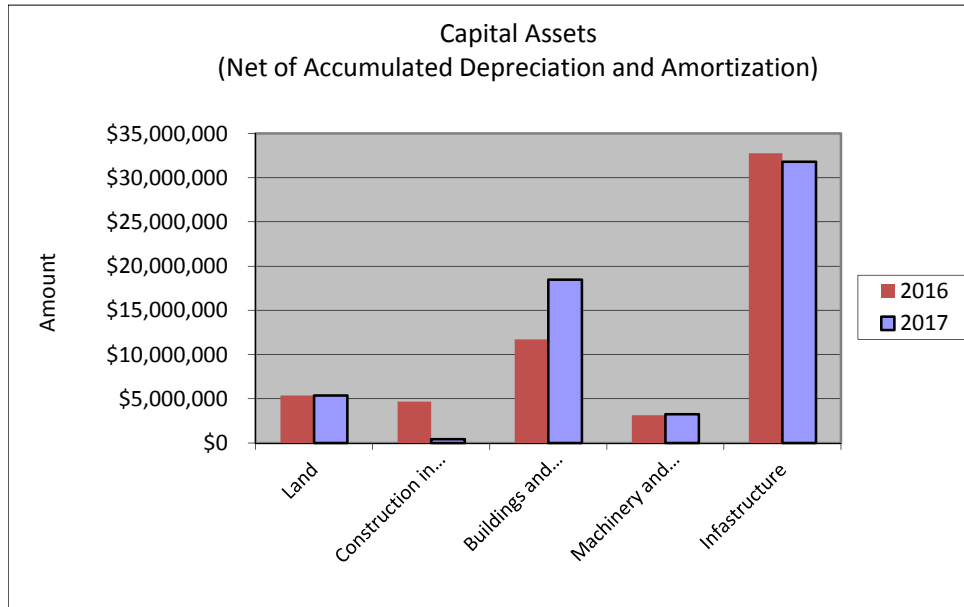
	<b>2017</b>	<b>2016</b>
Land	\$ 5,384,759	\$ 5,384,759
Construction in progress	432,858	4,687,123
Buildings and improvements	18,486,045	11,743,914
Machinery and equipment	3,240,444	3,144,612
Infrastructure	31,769,239	32,757,332
Totals	<u>\$ 59,313,345</u>	<u>\$ 57,717,740</u>

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2017**

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

**Capital Assets (Continued)**



Additional information on the Town's capital assets can be found in Note 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 \$7,565,000 and notes payable of \$3,412,458, all of which is backed by the full faith and credit of the government. In addition, the Town had capital leases payable of \$663,757.

The Town's total long-term debt consisting of general obligation bonds, notes payable and capital leases increased by \$5,283,548 or 83.1% during the current fiscal year due to the issuance of \$5,740,000 in general obligation bonds, offset by scheduled principal repayments.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) (Continued)**  
**JUNE 30, 2017**

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

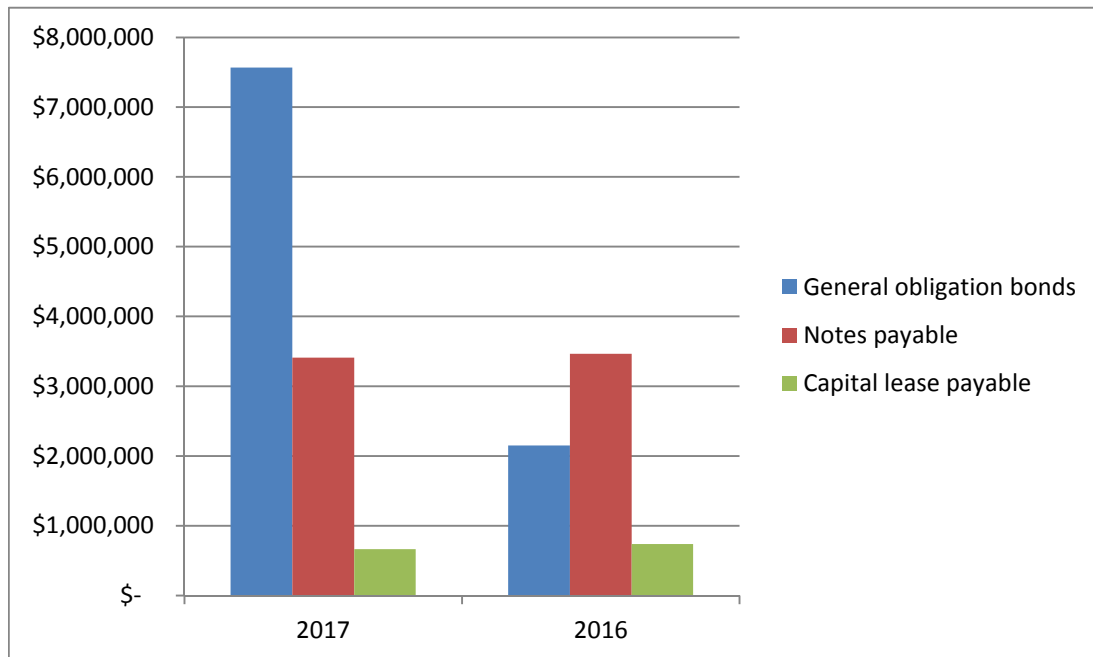
**Long-term Debt (Continued)**

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:

	2017	2016
General obligation bonds	\$ 7,565,000	\$ 2,150,000
Notes payable	3,412,458	3,467,276
Capital lease payable	663,757	740,391
Totals	<u>\$ 11,641,215</u>	<u>\$ 6,357,667</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, 2017**

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**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 2018.

**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, 2017**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 18,672,298
Receivables:	
Property taxes and interest, net	1,587,501
Assessments and user charges	65,000
Grants and contracts	53,731
Other	197,997
Other assets	7,538
Assessments, long-term portion	200,584
Capital assets:	
Non-depreciable	5,817,617
Depreciable, net	53,495,728
Total assets	<u>80,097,994</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	10,749
Deferred charges on pension	2,464,676
Total deferred outflows of resources	<u>2,475,425</u>
<b>LIABILITIES</b>	
Accounts payable	1,250,717
Accrued liabilities	244,404
Unearned revenue	1,265,163
Noncurrent liabilities:	
Due within one year	1,306,900
Due in more than one year	19,429,515
Total liabilities	<u>23,496,699</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred charges on pension	<u>104,321</u>
<b>NET POSITION</b>	
Net investment in capital assets	50,159,825
Restricted for:	
Endowments - expendable	4,950
Housing rehabilitation loan program	89,987
Unrestricted	8,717,637
Total net position	<u>\$ 58,972,399</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, 2017**

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	\$ 4,145,796	\$ 739,528	\$ 225,684	\$ -	\$ (3,180,584)
Public safety	6,457,877	215,232	44,536	-	(6,198,109)
Conservation and health	508,810	7,260	3,665	-	(497,885)
Highways	2,757,613	-	363,295	43,701	(2,350,617)
Sanitation and waste removal	3,105,202	2,081,001	15,350	-	(1,008,851)
Culture and recreation	674,425	113,674	98,360	-	(462,391)
Education	27,255,067	429,468	9,697,864	1,476,874	(15,650,861)
Interest expense	246,754	-	-	-	(246,754)
Total governmental activities	<u>\$ 45,151,544</u>	<u>\$ 3,586,163</u>	<u>\$ 10,448,754</u>	<u>\$ 1,520,575</u>	<u>\$ (29,596,052)</u>
General revenues:					
Property taxes, levied for general purposes					30,134,213
Grants and contributions not restricted to specific programs					440,938
Unrestricted investment earnings					114,942
Total general revenues					<u>30,690,093</u>
Change in net position					1,094,041
Net position - beginning of year					<u>57,878,358</u>
Net position - ending of year					<u>\$ 58,972,399</u>

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

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	<b>General Fund</b>	<b>Capital and Nonrecurring Fund</b>	<b>Capital Projects Fund</b>	<b>Educational Grants Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 9,857,936	\$ 1,564,529	\$ 4,423,823	\$ -	\$ 2,826,010	\$ 18,672,298
Receivables:						
Property taxes and interest, net	1,587,501	-	-	-	-	1,587,501
Assessments and user charges	-	-	-	-	265,584	265,584
Grants and contracts	-	-	-	-	53,731	53,731
Other	89,819	-	-	-	108,178	197,997
Due from other funds	1,767,594	-	-	428,047	1,111,675	3,307,316
Inventories	-	-	-	-	7,538	7,538
Total assets	<u>\$ 13,302,850</u>	<u>\$ 1,564,529</u>	<u>\$ 4,423,823</u>	<u>\$ 428,047</u>	<u>\$ 4,372,716</u>	<u>\$ 24,091,965</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 442,415	\$ 4,016	\$ 286,486	\$ 92,106	\$ 77,310	\$ 902,333
Salaries and benefits payable	179,568	-	-	-	21,788	201,356
Due to other funds	1,539,722	6,387	1,483,144	-	278,063	3,307,316
Other liabilities	348,384	-	-	-	-	348,384
Unearned revenue	-	-	-	335,941	929,222	1,265,163
Total liabilities	<u>2,510,089</u>	<u>10,403</u>	<u>1,769,630</u>	<u>428,047</u>	<u>1,306,383</u>	<u>6,024,552</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	1,437,011	-	-	-	265,584	1,702,595
Total deferred inflows of resources	<u>1,437,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>265,584</u>	<u>1,702,595</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Inventories	-	-	-	-	7,538	7,538
Loans receivable	-	-	-	-	37,817	37,817
Restricted	-	-	2,656,560	-	57,120	2,713,680
Committed to:						
Capital purposes	-	1,554,126	323,817	-	158,918	2,036,861
Other purposes	345,441	-	-	-	2,548,436	2,893,877
Assigned	869,982	-	-	-	-	869,982
Unassigned	8,140,327	-	(326,184)	-	(9,080)	7,805,063
Total fund balances	<u>9,355,750</u>	<u>1,554,126</u>	<u>2,654,193</u>	<u>-</u>	<u>2,800,749</u>	<u>16,364,818</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,302,850</u>	<u>\$ 1,564,529</u>	<u>\$ 4,423,823</u>	<u>\$ 428,047</u>	<u>\$ 4,372,716</u>	<u>\$ 24,091,965</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, 2017**

Total fund balances for governmental funds	\$ 16,364,818
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.	59,313,345
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.	1,702,595
Deferred amounts on refunding are not susceptible to accrual and, therefore, are not reported in the governmental funds.	10,749
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 payable, net	\$ (7,744,614)
Notes payable	(3,412,458)
Capital leases	(663,757)
Accrued interest payable	(43,048)
Other long-term liabilities:	
Net pension liability	(7,025,153)
Net OPEB obligation	(494,310)
Heart and hypertension obligations	(355,000)
Compensated absences	(1,041,123)
	(20,779,463)
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.	2,360,355
Net position of governmental activities	\$ 58,972,399

*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, 2017**

	General Fund	Capital and Nonrecurring Fund	Capital Projects Fund	Educational Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 30,248,423	\$ -	\$ -	\$ -	\$ -	\$ 30,248,423
Intergovernmental	8,696,498	-	310,608	2,471,151	784,913	12,263,170
Charges for goods and services	626,723	-	-	-	2,901,603	3,528,326
Interest income	68,950	10,164	21,740	-	14,088	114,942
Other	-	43,701	-	-	265,673	309,374
Total revenues	<u>39,640,594</u>	<u>53,865</u>	<u>332,348</u>	<u>2,471,151</u>	<u>3,966,277</u>	<u>46,464,235</u>
<b>EXPENDITURES</b>						
Current:						
General government	2,460,995	-	-	-	503,345	2,964,340
Public safety	3,763,185	-	-	-	249,719	4,012,904
Conservation and health	297,524	-	-	-	-	297,524
Highways	1,424,969	-	-	-	-	1,424,969
Sanitation and waste removal	856,119	-	-	-	1,675,707	2,531,826
Culture and recreation	451,997	-	-	-	86,996	538,993
Education	24,647,004	-	-	1,304,885	949,573	26,901,462
Insurance and benefits	2,882,018	-	-	-	-	2,882,018
Other	242,176	-	-	-	-	242,176
Capital outlays	-	957,160	1,621,318	1,040,672	242,405	3,861,555
Debt service	698,489	-	36,614	-	-	735,103
Total expenditures	<u>37,724,476</u>	<u>957,160</u>	<u>1,657,932</u>	<u>2,345,557</u>	<u>3,707,745</u>	<u>46,392,870</u>
Excess (deficiency) of revenues over expenditures	1,916,118	(903,295)	(1,325,584)	125,594	258,532	71,365
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from bonds	-	-	5,740,000	-	-	5,740,000
Premium on bonds	-	-	100,217	-	-	100,217
Repayment of bond anticipation note	-	-	(3,000,000)	-	-	(3,000,000)
Transfers in	153,385	1,721,700	-	-	472,623	2,347,708
Transfers out	(1,908,393)	-	-	(125,594)	(313,721)	(2,347,708)
Total other financing sources (uses)	<u>(1,755,008)</u>	<u>1,721,700</u>	<u>2,840,217</u>	<u>(125,594)</u>	<u>158,902</u>	<u>2,840,217</u>
Net change in fund balances	161,110	818,405	1,514,633	-	417,434	2,911,582
Fund balances - beginning of year	<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>
Fund balances - ending	<u>\$ 9,355,750</u>	<u>\$ 1,554,126</u>	<u>\$ 2,654,193</u>	<u>\$ -</u>	<u>\$ 2,800,749</u>	<u>\$ 16,364,818</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, 2017**

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Net change in fund balances - total governmental funds	\$	2,911,582
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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	\$	3,537,618	
Depreciation and amortization expense		<u>(1,935,862)</u>	
Net adjustment			1,601,756

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.		(6,151)
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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.		(218,650)
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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:			
Bonds payable	(5,740,000)		
Premium on bonds	(100,217)		
Principal repayments:			
Bonds payable	325,000		
Notes payable	54,818		
Bond anticipation notes payable	3,000,000		
Obligations under capital lease	76,634		
Amortization of deferred charge on refunding	(13,922)		
Amortization of bond premiums	<u>28,218</u>		
			(2,369,469)

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	(346,364)		
Accrued interest	17,601		
Heart and hypertension obligations	70,000		
Net pension liability	(1,529,510)		
Net OPEB obligation	<u>50,567</u>		
			(1,737,706)

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>912,679</u>
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Change in net position of governmental activities	\$	<u><u>1,094,041</u></u>
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*The accompanying notes are an integral part of these financial statements .*



**TOWN OF EAST WINDSOR, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
BUDGETARY BASIS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
<b>REVENUES</b>				
Property taxes	\$ 29,977,930	\$ 29,977,930	\$ 30,248,423	\$ 270,493
Intergovernmental	6,296,101	6,296,101	6,219,470	(76,631)
Licenses, fees and charges for goods and services	482,060	482,060	626,723	144,663
Revenues from use of money	11,000	11,000	68,950	57,950
Total revenues	36,767,091	36,767,091	37,163,566	396,475
<b>EXPENDITURES</b>				
Current:				
General government	2,564,735	2,603,744	2,460,995	(142,749)
Public safety	3,851,070	3,840,574	3,763,185	(77,389)
Conservation and health	294,487	301,537	297,524	(4,013)
Highways	1,416,521	1,420,972	1,419,397	(1,575)
Sanitation and waste removal	903,230	903,230	856,119	(47,111)
Insurance and benefits	2,954,099	2,842,688	2,812,018	(30,670)
Culture and recreation	484,237	479,237	451,997	(27,240)
Other	329,897	306,308	242,176	(64,132)
Education	22,129,135	22,129,135	22,078,795	(50,340)
Debt service	1,288,680	1,228,954	698,489	(530,465)
Total expenditures	36,216,091	36,056,379	35,080,695	(975,684)
Excess of revenues over expenditures	551,000	710,712	2,082,871	1,372,159
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriation of fund balance	250,000	1,156,200	-	(1,156,200)
Transfers in	-	-	153,385	153,385
Transfers out	(801,000)	(1,866,912)	(1,866,911)	1
Total other financing sources (uses)	(551,000)	(710,712)	(1,713,526)	(1,002,814)
Net change in fund balances	\$ -	\$ -	369,345	\$ 369,345
Fund balance - beginning, as adjusted			8,245,982	
Fund balance - ending			\$ 8,615,327	

*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, 2017**

	<b>Pension and Other Post Employment Benefits Trust Funds</b>	<b>Private Purpose Trust Fund - School Scholarships</b>	<b>Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 840,745	\$ 103,714	\$ 121,315
Investments	23,950,731	368,376	-
Receivables	20,031	-	348,384
Total assets	<u>24,811,507</u>	<u>472,090</u>	<u>\$ 469,699</u>
<b>LIABILITIES</b>			
Payables	18,500	-	\$ -
Due to student groups	-	-	121,315
Due to others	-	-	348,384
Total liabilities	<u>18,500</u>	<u>-</u>	<u>\$ 469,699</u>
<b>NET POSITION</b>			
Restricted for pension and other benefits	<u>\$ 24,793,007</u>	<u>\$ 472,090</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, 2017**

	<b>Pension and Other Post Employment Benefits Trust Funds</b>	<b>Private Purpose Trust Fund - School Scholarships</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 1,088,105	\$ -
Plan members	289,571	-
Total contributions	<u>1,377,676</u>	<u>-</u>
Investment earnings:		
Interest and dividends	474,630	7,534
Net change in the fair value of investments, net of fees	<u>1,795,037</u>	<u>2,370</u>
Net investment earnings	<u>2,269,667</u>	<u>9,904</u>
Total additions	<u>3,647,343</u>	<u>9,904</u>
<b>DEDUCTIONS</b>		
Benefit payments	1,257,934	-
Awards expense	-	9,900
Administrative expenses	<u>27,851</u>	<u>67</u>
Total deductions	<u>1,285,785</u>	<u>9,967</u>
Change in net position	2,361,558	(63)
Net position - beginning	<u>22,431,449</u>	<u>472,153</u>
Net position - ending	<u>\$ 24,793,007</u>	<u>\$ 472,090</u>

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

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**FINANCIAL REPORTING ENTITY**

The Town of East Windsor, Connecticut was incorporated in 1768 and operates in accordance with the provisions of its charter, which was revised effective November 1998. The Town operates under a Board of Selectmen, Town Meeting and Board of Finance form of government and provides the following services: public safety, community maintenance, conservation and health, 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 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 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, 2017**

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

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

**Fund Financial Statements**

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

**General Fund** - This fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

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

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

**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, 2017**

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received 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, 2016, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple Employer Defined Benefit Pension Plans*, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, GASB Statement No. 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*, and GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. The implementation of GASB Statement No. 74 resulted in changes to the disclosures and required supplementary information relating to the Town's other post-employment benefit plan. The implementation of GASB Statement No. 74 had no impact on the Town's financial position or on the financial position of the Town's other post-employment benefit trust fund. The adoption of the other statements did not have a material effect on the Town's financial statements.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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

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

**Cash Equivalents**

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

**Investments**

Investments 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, 2017.

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, 2017.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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

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

**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 acquisition value at the date of donation.

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

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

<b>Assets</b>	<b>Years</b>
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.



**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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

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

**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.

**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.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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

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

**Net Position and Fund Balance (Continued)**

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

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

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

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

The Town does not have a formal policy over the use of fund balance. In accordance with the applicable accounting guidance, the Town uses restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned. It is the Town's policy to maintain a fund balance in the General Fund between 5% and 17% of operating expenditures. A gradual increase of 1% per year is required under this policy to restore the General Fund unassigned balance should it fall below the minimum level.

**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.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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

**USE OF ESTIMATES**

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

**NOTE 2 - BUDGETARY INFORMATION**

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

- The Board of Finance prepares the budget from information furnished by various Town departments and Board of Selectmen recommendations. The operating budgets include proposed expenditures and the means of financing them.
- The budget is presented at a public hearing before being formally voted on at 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, 2017**

**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, 2017:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Uses, net</u>	<u>Net Change In Fund Balance</u>	<u>Fund Balance</u>
Budgetary basis	\$ 37,163,566	\$ 35,080,695	\$ (1,713,526)	\$ 369,345	\$ 8,615,327
"On-behalf" payments - State Teachers' Retirement Fund	2,477,028	2,477,028	-	-	-
Change in encumbrances	-	250,275	-	(250,275)	394,982
Transfers recorded as an expenditure for budgetary purposes	-	(159,094)	(159,094)	-	-
Budgetary perspective differences - funds combined for GAAP financial reporting purposes:					
Heart & Hypertension Fund	-	70,000	104,940	34,940	237,034
Storm Emergency Fund	-	5,572	12,672	7,100	108,407
GAAP basis	<u>\$ 39,640,594</u>	<u>\$ 37,724,476</u>	<u>\$ (1,755,008)</u>	<u>\$ 161,110</u>	<u>\$ 9,355,750</u>

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS**

The carrying value of the Town's cash deposits as of June 30, 2017 totaled \$15,293,610. A reconciliation of the Town's cash deposits as of June 30, 2017 is as follows:

**Government-wide statement of net position:**

Cash and cash equivalents	\$ 18,672,298
Less: cash equivalents considered investments for disclosure purposes	<u>(3,678,369)</u>
	<u>14,993,929</u>

**Statement of fiduciary net position:**

Cash and cash equivalents	\$ 1,065,774
Add: investments considered cash deposits for disclosure purposes	74,652
Less: cash equivalents considered investments for disclosure purposes	<u>(840,745)</u>
	<u>299,681</u>
	<u>\$ 15,293,610</u>

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**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, 2017, \$15,401,118 of the Town's bank balance of \$16,179,494 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 13,861,006
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>1,540,112</u>
	<u><u>\$ 15,401,118</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, 2017 is as follows:

**Government-wide statement of net position:**

Investments	\$ -
Add: cash equivalents considered investments for disclosure purposes	<u>3,678,369</u>
	<u><u>3,678,369</u></u>

**Statement of fiduciary net position:**

Investments	24,319,107
Less: investments considered cash equivalents for disclosure purposes	(74,652)
Add: cash equivalents considered investments for disclosure purposes	<u>840,745</u>
	<u>25,085,200</u>
	<u><u>\$ 28,763,569</u></u>

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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

**INVESTMENTS (Continued)**

As of June 30, 2017, 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	\$ 3,678,369	\$ 3,678,369	\$ -	\$ -
Fiduciary Funds:					
Money market mutual funds	Net asset value	840,745	840,745	-	-
Fixed income securities	Fair value	3,921,678	754,698	2,866,557	300,423
		8,440,792	\$ 5,273,812	\$ 2,866,557	\$ 300,423
Other investments:					
Fiduciary Funds:					
Mutual funds	Fair value	20,322,777			
		\$ 28,763,569			

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, 2017**

**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, 2017:

<u>Investment type</u>	<u>Value</u>	<u>AAA</u>	<u>A</u>	<u>BBB</u>
<b>Debt Securities:</b>				
STIF	\$ 3,678,369	\$ 3,678,369	\$ -	\$ -
Fixed income securities	3,921,678	-	3,159,819	1,456,529

Investments in money market mutual funds were unrated as of June 30, 2017.

**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, 2017, 100% of the Town's investments within its governmental activities were invested in the Short-term Investment Fund. As of June 30, 2017, 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	\$ 10,713,125	SPDR State Street Global Advisors	42.7%
Fidelity Contra fund	2,296,208	Fidelity	9.2%

**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, 2017**

**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, 2017, by level within the fair value hierarchy are presented in the table below.

<b>Financial Assets</b>	<b>Prices in</b>	<b>Significant</b>	<b>Significant</b>	
<b>Measured at Fair Value</b>	<b>Active</b>	<b>Other</b>	<b>Unobservable</b>	
	<b>Market</b>	<b>Observable</b>	<b>Inputs</b>	<b>Total</b>
	<b>(Level 1)</b>	<b>Inputs</b>	<b>(Level 3)</b>	
	<b>(Level 2)</b>			
Mutual funds	\$ 20,322,777	\$ -	\$ -	\$ 20,322,777
Fixed income securities	-	3,921,678	-	3,921,678

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 consisted of the following:

	<b>Beginning</b>			<b>Ending</b>
	<b>Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance</b>
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 5,384,759	\$ -	\$ -	\$ 5,384,759
Construction in progress	4,687,123	2,595,615	(6,849,880)	432,858
Total capital assets, not being depreciated	5,718,677	2,595,615	(6,849,880)	5,817,617
Capital assets, being depreciated:				
Buildings and improvements	27,615,863	7,357,197	-	34,973,060
Machinery and equipment	8,615,893	434,686	(308,666)	8,741,913
Infrastructure	48,645,892	-	-	48,645,892
Total capital assets, being depreciated	82,904,249	7,791,883	(308,666)	92,360,865
Less accumulated depreciation:				
Buildings and improvements	15,871,949	615,066	-	16,487,015
Machinery and equipment	5,471,281	332,703	(302,515)	5,501,469
Infrastructure	15,888,560	988,093	-	16,876,653
Total accumulated depreciation	35,379,136	1,935,862	(302,515)	38,865,137
Total capital assets, being depreciated, net	47,525,113	5,856,021	(6,151)	53,495,728
Governmental activities capital assets, net	\$ 53,243,790	\$ 8,451,636	\$ (6,856,031)	\$ 59,313,345

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

Governmental Activities:	
General government	\$ 105,440
Public safety	274,466
Highway	627,279
Sanitation and waste removal	513,170
Culture and recreation	43,033
Education	372,474
Total depreciation and amortization expense	<u>\$ 1,935,862</u>



**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2017 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Capital and Nonrecurring Fund	\$ 6,387
	Capital Projects Fund	1,483,144
	Nonmajor Governmental Funds	<u>278,063</u>
		<u>1,767,594</u>
Educational Grants Fund	General Fund	<u>428,047</u>
Nonmajor Governmental Funds	General Fund	1,111,675
		<u>\$ 3,307,316</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, 2017 consisted of the following:

<b>Governmental Funds</b>		
General Fund	Nonmajor Governmental Funds	<u>\$ 153,385</u>
Capital and Nonrecurring Fund	General Fund	1,711,200
	Nonmajor Governmental Funds	<u>10,500</u>
		<u>1,721,700</u>
Nonmajor Governmental Funds	General Fund	197,193
	Educational Grants Fund	125,594
	Nonmajor Governmental Funds	<u>149,836</u>
		<u>472,623</u>
		<u>\$ 2,347,708</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, 2017**

**NOTE 8 - SHORT-TERM DEBT**

The following is a summary of changes in short-term debt for the year ended June 30, 2017:

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

During the year ended June 30, 2017, the Town retired \$4,900,000 of bond anticipation notes (the "2016 Notes") through the issuance of \$3,000,000 in general obligation bonds (see Note 9) and the repayment of \$1,900,000 from grant reimbursements received from the State of Connecticut. The 2016 Notes bore an interest rate of 1.0% and matured in October 2016.

**NOTE 9 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 2,150,000	\$ 5,740,000	\$ (325,000)	\$ 7,565,000	\$ 615,000
Unamortized amounts:					
Premium on bonds issued	107,615	100,217	(28,218)	179,614	-
Total bonds payable	2,257,615	5,840,217	(353,218)	7,744,614	615,000
Other liabilities:					
Notes payable	3,467,276	-	(54,818)	3,412,458	56,326
Capital leases	740,391	-	(76,634)	663,757	77,574
Compensated absences	694,759	346,364	-	1,041,123	488,000
Heart and hypertension obligations	425,000	-	(70,000)	355,000	70,000
Net pension liability	5,495,643	1,529,510	-	7,025,153	-
Net OPEB obligation	544,877	-	(50,567)	494,310	-
	<u>\$ 13,625,561</u>	<u>\$ 7,716,091</u>	<u>\$ (605,237)</u>	<u>\$ 20,736,415</u>	<u>\$ 1,306,900</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 Fund and other governmental funds.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

**GENERAL OBLIGATION BONDS AND NOTES PAYABLE**

A summary of general obligation bonds and note payable outstanding at June 30, 2017 is as follows:

<b>Purpose of Bonds</b>	<b>Fiscal Date of Issue</b>	<b>Original Issue</b>	<b>Interest Rates</b>	<b>Fiscal Maturity Date</b>	<b>Amount Outstanding</b>
<b>Governmental Activities</b>					
General Obligation Refunding Bonds	2014	\$ 2,640,000	2.0% - 4.0%	2025	\$ 1,825,000
General Obligation Bonds	2016	5,740,000	2.0% - 3.0%	2037	5,740,000
					<u>\$ 7,565,000</u>
<b>Notes payable</b>					
Rural Development Loan	2012	2,180,000	2.375%	2052	\$ 2,018,308
Rural Development Loan	2015	1,435,000	2.75%	2055	1,394,150
					<u>\$ 3,412,458</u>

Annual debt service requirements to maturity on general obligation bonds and the note payables are as follows as of June 30, 2017:

<b>Year ending June 30:</b>	<b>Governmental Activities</b>					
	<b>Bonds Payable</b>		<b>Notes Payable</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2018	\$ 615,000	\$ 184,220	\$ 56,326	\$ 104,452	\$ 671,326	\$ 288,672
2019	620,000	165,220	57,875	102,825	677,875	268,045
2020	480,000	147,495	59,466	101,149	539,466	248,644
2021	485,000	131,045	61,101	99,421	546,101	230,466
2022	485,000	114,495	62,782	97,640	547,782	212,135
2023 - 2027	1,990,000	404,500	340,773	459,506	2,330,773	864,006
2028 - 2032	1,425,000	241,761	390,280	406,010	1,815,280	647,771
2033 - 2037	1,465,000	86,791	446,978	343,762	1,911,978	430,553
2038- 2042	-	-	511,909	271,324	511,909	271,324
2043 - 2047	-	-	586,276	187,013	586,276	187,013
2048 - 2052	-	-	670,073	88,872	670,073	88,872
2053 - 2056	-	-	168,619	9,336	168,619	9,336
	<u>\$ 7,565,000</u>	<u>\$ 1,475,527</u>	<u>\$ 3,412,458</u>	<u>\$ 2,271,310</u>	<u>\$ 10,977,458</u>	<u>\$ 3,746,837</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, 2017.

**Authorized, Unissued Debt**

As of June 30, 2017, the Town has authorized, unissued debt in the amount \$2,740,000 for the Middle School Roof Project.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

**CAPITAL LEASES**

Future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2017 are as follows:

Year ending June 30:	<b>Governmental Activities</b>
2018	\$ 94,668
2019	94,668
2020	94,668
2021	94,668
2022	94,668
Thereafter	<u>261,059</u>
Total minimum lease payments	734,399
Less: amount representing interest	<u>70,642</u>
Present value of minimum lease payments	<u><u>\$ 663,757</u></u>

**HEART AND HYPERTENSION OBLIGATIONS**

The Town's estimated liability for heart and hypertension obligations as of June 30, 2017 totaled \$355,000. 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, 2017 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, 2017 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.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**NOTE 10 - PENSION PLANS (Continued)**

**DEFINED BENEFIT PLAN (Continued)**

**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	74
Vested terminated employees	107
Active employees	<u>168</u>
	<u>349</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.

**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, 2017 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 10.16%. 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.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 10 - PENSION PLANS (Continued)**

**DEFINED BENEFIT PLAN (Continued)**

**Concentrations**

As of June 30, 2017, more than 10% of the Plan's investments were invested in the following:

<u>Investment</u>	<u>Value</u>	<u>Issuer</u>	<u>% of Plan Investments</u>
S&P 500 ETF TRUST	\$ 10,359,585	SPDR State Street Global Advisors	43.4%

**Net Pension Liability**

The components of the net pension liability of the Town at June 30, 2017, were as follows:

Total pension liability	\$ 30,890,480
Plan fiduciary net position	<u>(23,865,327)</u>
Town's net pension liability	<u><u>\$ 7,025,153</u></u>

Plan fiduciary net position as a percentage of the total pension liability	77.26%
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The components of the change in the net pension liability of the Town Plan for the year ended June 30, 2017 were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balance as of June 30, 2016	\$ 27,191,862	\$ 21,696,219	\$ 5,495,643
<b>Changes for the year:</b>			
Service cost	800,764	-	800,764
Interest	1,916,200	-	1,916,200
Actuarial (gains) losses	(61,792)	-	(61,792)
Contributions - employer	-	966,582	(966,582)
Contributions - employee	-	289,571	(289,571)
Net investment income	-	2,196,111	(2,196,111)
Changes of assumptions	2,301,380	-	2,301,380
Benefit payments, including refunds	(1,257,934)	(1,257,934)	-
Administrative expense	-	(25,222)	25,222
<b>Net changes</b>	<u>3,698,618</u>	<u>2,169,108</u>	<u>1,529,510</u>
Balance as of June 30, 2017	<u><u>\$ 30,890,480</u></u>	<u><u>\$ 23,865,327</u></u>	<u><u>\$ 7,025,153</u></u>

*Actuarial assumptions* - The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.50 percent, average, including inflation
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 10 - PENSION PLANS (Continued)**

**DEFINED BENEFIT PLAN (Continued)**

**Net Pension Liability (Continued)**

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.

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, 2017 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Equities	60.00%	3.81%
Fixed Income	40.00%	2.52%

*Discount rate* - The discount rate used to measure the total pension liability was 6.5%. 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 the Town's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the net pension liability of the Town, calculated using the discount rate of 6.5%, 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 (5.5%) or 1-percentage-point higher (7.5%) than the current rate:

	<b>1% Decrease (5.5%)</b>	<b>Current Discount (6.5%)</b>	<b>1% Increase (7.5%)</b>
Town Plan's net pension liability	\$ 10,941,372	\$ 7,025,153	\$ 3,744,079

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 10 - PENSION PLANS (Continued)**

**DEFINED BENEFIT PLAN (Continued)**

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

At June 30, 2017, the Town reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
Differences between expected and actual experience	\$ 360,911	\$ (104,321)	\$ 256,590
Changes of assumptions			
Net difference between projected and actual earnings on pension plan investments	1,875,199	-	1,875,199
	228,566	-	228,566
Total	<u>\$ 2,464,676</u>	<u>\$ (104,321)</u>	<u>\$ 2,360,355</u>

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	\$ 648,535
2018	648,535
2019	558,162
2020	339,212
2021	165,911
	<u>\$ 2,360,355</u>

**Payable to the Pension Plan**

At June 30, 2017, 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.

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.



**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 10 - PENSION PLANS (Continued)**

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

The Town has recognized on-behalf payments of \$2,477,028 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.

The total estimated net pension liability of the TRS as of June 30, 2016 was \$14.245 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$36.169 million or approximately 0.254% 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, 2016. 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.

The total pension liability as of June 30, 2016, was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75%
Salary increases	3.25% - 6.50% (includes inflation)
Investment rate of return	8.00% (includes inflation)
Cost of living adjustments:	
Retirements prior to 9/1/1992	3.00%
Retirements on or after 9/1/1992	2.00%

For healthy retirees and beneficiaries, mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Large Cap U.S. Equities	21.0%	5.80%
Developed Non-U.S. Equities	18.0%	6.60%
Fixed Income (Core)	7.0%	1.30%
Private Equity	11.0%	7.60%
Emerging Markets (Non-U.S.)	9.0%	8.30%
Alternative Investments	8.0%	4.10%
Inflation Linked Bonds	3.0%	1.00%
Cash	6.0%	0.40%
Real Estate	7.0%	5.10%
Emerging Market Bonds	5.0%	3.70%
High Yield Bonds	5.0%	3.90%
	<u>100.0%</u>	

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

**NOTE 10 - PENSION PLANS (Continued)**

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

The discount rate used to measure the total pension liability was 8.00%. 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 8.00%, 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 (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	<b>1% Decrease (7.0%)</b>	<b>Current Discount (8.0%)</b>	<b>1% Increase (9.0%)</b>
Proportion of the net pension liability attributed to the Town	\$ 44,622,030	\$ 36,168,696	\$ 29,022,732

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, 2017**

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

**Plan Membership**

Membership of the Plan consisted of the following as of July 1, 2016, the date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits	25
Active employees	162
	187

**Funding Policy**

Contribution requirements of the plan members and the Town are established under the provisions of various collective bargaining agreements and in accordance with the General Statutes of the State of Connecticut. The Town began funding the benefits in a trust fund during the year ended June 30, 2012. Town contributions totaled \$351,387 for the year ended June 30, 2017 and represented 3.2% of covered payroll.

**Summary of Significant Accounting Policies**

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

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

*Rate of return* - For the year ended June 30, 2017 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 9.41%. 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, 2017, more than 10% of the OPEB Plan's investments were invested in the following:

<u>Investment</u>	<u>Value</u>	<u>Issuer</u>	<u>% of OPEB Plan Investments</u>
S&P 500 ETF TRUST	\$ 353,540	SPDR State Street Global Advisors	38.2%
Dreyfus Treasury Securities Cash Management Fund	112,882	Dreyfus Corporation	12.2%
iShares Core U.S. Aggregate Bond ETF	110,715	BlackRock Investments, LLC	12.0%
iShares Intermediate Credit Bond ETF	96,227	BlackRock Investments, LLC	10.4%

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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

**Annual OPEB Cost and Net OPEB Obligation**

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

Annual required contribution	\$ 297,826
Interest on net OPEB obligation	38,141
Adjustment to annual required contribution	<u>(35,147)</u>
Annual OPEB cost	300,820
Contributions made	<u>351,387</u>
Increase in Net OPEB obligation	(50,567)
Net OPEB obligation, beginning of the year	<u>544,877</u>
Net OPEB obligation, end of the year	<u><u>\$ 494,310</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, 2017, 2016 and 2015 are as follows:

<b>Year Ended June 30:</b>	<b>Annual OPEB Cost</b>	<b>Actual Contribution</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
2017	\$ 300,820	\$ 351,387	116.8%	\$ 494,310
2016	289,894	359,104	123.9%	544,877
2015	431,398	319,984	78.9%	614,087

**Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2016 (the date of the most recent actuarial valuation) was as follows:

<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Accrued Liability (AAL) (B)</b>	<b>Unfunded AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a Percentage of Covered Payroll ((B-A)/C)</b>
\$ 716,730	\$ 3,997,019	\$ 3,280,289	17.9%	\$ 9,602,776	34.2%

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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**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.

**Net OPEB Liability**

The components of the Town's net OPEB liability related to its OPEB Plan as of June 30, 2017, was as follows:

Total OPEB liability	\$ 4,140,361
Plan fiduciary net position	<u>(907,649)</u>
Town's net OPEB liability	<u><u>\$ 3,232,712</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	21.92%

**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. The total OPEB liability was determined by an actuarial valuation date as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Investment rate of return	6.50 percent, net of plan investment expense, including inflation
Healthcare cost trend rate	5.34% - 4.40% over 67 years

Mortality rates were based on the RP-2000 Mortality Table for Males and Females, with adjustments for mortality improvements based on Scale BB.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2017**

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

**Actuarial Methods and Assumptions (Continued)**

The long-term expected rate of returns on OPEB Plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Equities	60.00%	3.81%
Fixed Income	40.00%	2.52%

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

	<b>1% Decrease (5.5%)</b>	<b>Current Discount (6.5%)</b>	<b>1% Increase (7.5%)</b>
Town Plan's net OPEB liability	\$ 3,639,782	\$ 3,232,712	\$ 2,848,946

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

	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
Town Plan's net OPEB liability	\$ 2,766,831	\$ 3,232,712	\$ 3,754,416

**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, 2017. 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, 2017**

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**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 \$394,982 for unperformed educational commitments as of June 30, 2017 and \$475,000 of fund balance assigned for use in the Town's fiscal year 2018 General Fund budget.

Fund balance in the governmental funds has been committed for the following other purposes as of June 30, 2017:

	<b>General Fund</b>	<b>Other Funds</b>
Heat and hypertension obligations	\$ 237,034	\$ -
Storm emergency preparedness	108,407	-
General government	-	353,991
Public safety	-	207,052
Conservation and health	-	10,214
Sanitation	-	1,750,435
Recreation	-	13,393
Education	-	213,351
Other purposes	<u>\$ 345,441</u>	<u>\$ 2,548,436</u>

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2017**

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**NOTE 14 - SUBSEQUENT EVENTS**

On July 6, 2017, the Town issued \$2,740,000 in bond anticipation notes to provide interim financing for improvements to be made to the Town's Middle School roof. The notes bear a coupon rate of 2.0% and mature on April 5, 2018.

**NOTE 15 - IMPACT OF NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE**

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 has not yet determined the impact that this statement will have 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 November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town does not expect this statement to have a material effect on its financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town has not yet determined the impact that this statement might have on its financial statements.



**TOWN OF EAST WINDSOR, CONNECTICUT**  
**NOTES TO THE FINANCIAL STATEMENTS (*Continued*)**  
**JUNE 30, 2017**

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

In March 2017, the GASB issued Statement No. 85, *Omnibus*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). 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 May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. 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 June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town has not yet determined the impact that this statement might have on its financial statements.

**Required  
Supplementary  
Information**

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 946,526	\$ 862,350	\$ 959,089	\$ 938,840
Contributions in relation to the actuarially determined contribution	<u>966,582</u>	<u>912,750</u>	<u>959,089</u>	<u>938,840</u>
Contribution deficiency	<u>\$ (20,056)</u>	<u>\$ (50,400)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 7,520,064	\$ 6,477,145	\$ 6,617,466	\$ 6,035,101
Contributions as a percentage of covered employee payroll	12.85%	14.09%	14.49%	15.56%
Annual money-weighted rate of return, net of investment expense	10.16%	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	Closed 20 years from July 1, 2009
Asset valuation method	5 year smoothed market
Inflation	2.75%
Investment rate of return	6.50%
Salary increases	3.50% (includes inflation)
Retirement age	Normal retirement age
Mortality	RP-2000 Combined Healthy Morality with generational projection per Scale BB

*See accompanying Independent Auditor's Report.*

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

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>				
Service cost	\$ 801,000	\$ 778,000	\$ 668,000	\$ 667,000
Interest	1,916,000	1,817,000	1,681,000	1,602,000
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(62,000)	561,000	-	-
Changes of assumptions	2,301,000	-	-	-
Benefit payments, including refunds	(1,258,000)	(1,126,000)	(1,159,000)	(1,007,000)
Net change in total pension liability	3,698,000	2,030,000	1,190,000	1,262,000
Total pension liability - beginning	27,192,000	25,162,000	23,972,000	22,710,000
Total pension liability - ending	30,890,000	27,192,000	25,162,000	23,972,000
<b>Plan fiduciary net position</b>				
Contributions - employer	967,000	913,000	959,000	939,000
Contributions - members	290,000	300,000	252,000	272,000
Net investment income	2,194,000	524,000	917,000	2,776,000
Benefit payments, including refunds	(1,258,000)	(1,126,000)	(1,042,000)	(1,007,000)
Administrative expense	(24,000)	(38,000)	(40,000)	(30,000)
Net change in plan fiduciary net position	2,169,000	573,000	1,046,000	2,950,000
Plan fiduciary net position - beginning	21,696,000	21,123,000	20,077,000	17,127,000
Plan fiduciary net position - ending	23,865,000	21,696,000	21,123,000	20,077,000
<b>Town's net pension liability</b>	<b>\$ 7,025,000</b>	<b>\$ 5,496,000</b>	<b>\$ 4,039,000</b>	<b>\$ 3,895,000</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>77.26%</b>	<b>79.79%</b>	<b>83.95%</b>	<b>83.75%</b>
<b>Covered employee payroll</b>	<b>\$ 7,520,064</b>	<b>\$ 6,477,145</b>	<b>\$ 6,617,466</b>	<b>\$ 6,035,101</b>
<b>Town's net pension liability as a percentage of covered employee payroll</b>	<b>93.42%</b>	<b>84.85%</b>	<b>61.04%</b>	<b>64.54%</b>

**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* : In connection with the July 1, 2016 valuation, the Town lowered the discount rate from 7.0% to 6.5% and lowered the salary scale and amortization growth rate from 4.0% to 3.5%. The decrease in the assumed rates resulted in an increase in the measurement of the total pension liability by approximately \$1.9 million.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.254%	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	36,169,000	26,839,000	24,807,000
Total	<u>\$ 36,169,000</u>	<u>\$ 26,839,000</u>	<u>\$ 24,807,000</u>
Town's covered payroll	\$ 10,139,000	\$ 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%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	59.50%	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*: The following assumptions were changed in connection with the most recent valuation:

- Inflation assumption was reduced from 3.00% to 2.75%.
- Real rate of return assumption was reduced from 5.50% to 5.25%, which when combined with the inflation assumption change resulted in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
- The annual rate of wage increase assumption was reduced from 0.75% to 0.50%.
- The payroll growth assumption was reduced from 3.75% to 3.25%.
- Various demographic assumption changes utilizing the RPH-2014 mortality tables.

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

<b>Other Post-Employment Benefits Program</b>						
Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - (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%	9,309,000 *	-32.4%
July 1, 2016	716,730	3,997,019	(3,280,289)	17.9%	9,603,000 *	-34.2%

\* 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.

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS (UNAUDITED)**  
**OTHER POST-EMPLOYMENT BENEFITS PROGRAM**  
**JUNE 30, 2017**

	<u><b>2017</b></u>
Actuarially determined contribution	\$ 297,826
Contributions in relation to the actuarially determined contribution:	
Contributions to trust	121,523
Contributions by General Fund	<u>229,864</u>
	<u><b>351,387</b></u>
Contribution deficiency	<u><u>\$ (53,561)</u></u>
Covered employee payroll	\$ 10,831,000
Contributions as a percentage of covered employee payroll	3.24%
Annual money-weighted rate of return, net of investment expense	9.41%

**NOTES TO SCHEDULE:**

The Town began to report the schedule of contributions and investment returns when it implemented GASB Statement No. 74 in fiscal year 2017.

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	Entry Age Normal
Amortization method	Level percent of payroll
Remaining amortization period	Closed 21 years from July 1, 2016
Asset valuation method	5 year smoothed market
Inflation	2.75%
Investment rate of return	6.50%
Healthcare cost trend rate	5.34% - 4.40% over 67 years

*See accompanying Independent Auditor's Report.*

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY (UNAUDITED)**  
**OTHER POST-EMPLOYMENT BENEFITS PROGRAM**  
**JUNE 30, 2017**  
**(Rounded to Nearest Thousand)**

	<b>2017</b>
<b>Total pension liability</b>	
Service cost	\$ 113,000
Interest	260,000
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments, including refunds	(230,000)
Net change in total pension liability	143,000
Total pension liability - beginning	3,997,000
Total pension liability - ending	4,140,000
<b>Plan fiduciary net position</b>	
Contributions - employer	351,000
Contributions - members	-
Net investment income	73,000
Benefit payments, including refunds	(230,000)
Administrative expense	(4,000)
Net change in plan fiduciary net position	190,000
Plan fiduciary net position - beginning	717,000
Plan fiduciary net position - ending	907,000
<b>Town's net pension liability</b>	<b>\$ 3,233,000</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>21.91%</b>
<b>Covered employee payroll</b>	<b>\$ 10,831,000</b>
<b>Town's net pension liability as a percentage of covered employee payroll</b>	<b>29.85%</b>

**NOTES TO SCHEDULE:**

The Town began to report the schedule of changes in net OPEB liability when it implemented GASB Statement No. 74 in fiscal year 2017.

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

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



# **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, 2017**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>PROPERTY TAXES</b>				
Current and prior year levies	\$ 29,752,930	\$ 29,752,930	\$ 29,992,620	\$ 239,690
Interest and lien fees	225,000	225,000	255,803	30,803
Total property taxes	29,977,930	29,977,930	30,248,423	270,493
<b>INTERGOVERNMENTAL REVENUES</b>				
Education equalization	5,552,000	5,552,000	5,486,554	(65,446)
Town aid road grant	267,564	267,564	267,266	(298)
Tax relief - circuit breaker	90,000	90,000	73,338	(16,662)
Reimbursement in lieu of taxes	57,816	57,816	57,816	-
Mashantucket Pequot grant	45,593	45,593	45,593	-
Municipal revenue sharing	232,457	232,457	232,457	-
Telephone access grant	20,000	20,000	23,059	3,059
Adult education	15,871	15,871	16,457	586
Pro-rata share of CT fines	5,000	5,000	8,255	3,255
Tax relief - veterans	7,000	7,000	6,920	(80)
Tax exempt property - disability	1,800	1,800	1,754	(46)
Other grants	1,000	1,000	1	(999)
Total intergovernmental revenues	6,296,101	6,296,101	6,219,470	(76,631)
<b>LICENSES, FEES AND CHARGES FOR GOODS AND SERVICES</b>				
Building Department	200,000	200,000	184,779	(15,221)
Town Clerk	169,700	169,700	235,074	65,374
Other	30,200	30,200	91,490	61,290
Parks and Recreation	24,500	24,500	40,222	15,722
Treasurer	20,000	20,000	24,545	4,545
Land use permits	15,200	15,200	24,144	8,944
Police Department	10,000	10,000	11,400	1,400
Greater Hartford Transit District	7,000	7,000	7,260	260
Mini-bus donations	3,000	3,000	3,665	665
Aircraft miscellaneous	2,260	2,260	3,720	1,460
Assessor	200	200	424	224
Total licenses, fees and charges for goods and services	482,060	482,060	626,723	144,663
<b>REVENUES FROM THE USE OF MONEY</b>				
Interest on deposits	11,000	11,000	68,950	57,950
Total revenues from the use of money	11,000	11,000	68,950	57,950
<b>OTHER FINANCING SOURCES</b>				
Appropriation of Fund Balance	250,000	1,156,200	-	(1,156,200)
Transfers in from:				
Sewer Assessment Fund	-	-	27,791	27,791
Educational Grants Fund	-	-	125,594	125,594
Total other financing sources	250,000	1,156,200	153,385	(1,002,815)
Total revenues and other financing sources	\$ 37,017,091	\$ 37,923,291	\$ 37,316,951	\$ (606,340)

*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, 2017**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)
	Original	Final		
GENERAL GOVERNMENT				
Town property	\$ 510,200	\$ 502,149	\$ 463,923	\$ (38,226)
Town Counsel and legal	240,000	299,726	299,726	-
Board of Selectmen	268,186	267,275	258,134	(9,141)
Treasurer	210,531	203,481	190,933	(12,548)
Senior Center	219,097	223,467	219,459	(4,008)
Town Planner	237,529	237,529	207,982	(29,547)
Assessor	191,180	186,810	173,779	(13,031)
Building Department	195,892	191,574	181,001	(10,573)
Town Clerk	132,057	132,058	128,044	(4,014)
Tax Collector	120,306	120,306	120,046	(260)
27th payroll	115,063	114,675	112,430	(2,245)
Elections - registrar	62,914	62,914	51,400	(11,514)
Board of Finance	44,250	44,250	43,300	(950)
Economic Development Commission	4,150	4,150	2,840	(1,310)
Planning and Zoning Commission	2,950	2,950	2,485	(465)
Probate Court	2,700	2,700	2,220	(480)
Conservation Commission	1,800	1,800	1,185	(615)
Zoning Board of Appeals	1,500	1,500	730	(770)
Board of Tax Review	1,050	1,050	673	(377)
Building Committee	1,130	1,130	480	(650)
Ethics Committee	500	500	-	(500)
Elderly Commission	500	500	225	(275)
Charter revision	1,250	1,250	-	(1,250)
Total general government	<u>2,564,735</u>	<u>2,603,744</u>	<u>2,460,995</u>	<u>(142,749)</u>
PUBLIC SAFETY				
Police Department	3,171,648	3,145,932	3,079,706	(66,226)
Fire protection (water)	341,000	347,902	343,818	(4,084)
Employee benefits	161,000	161,335	160,513	(822)
Broad Brook Fire Department	82,050	92,533	89,781	(2,752)
Fire Marshal	18,567	18,567	17,592	(975)
Civil preparedness	59,787	57,287	56,920	(367)
Emergency management	15,518	15,518	13,355	(2,163)
Police Commission	1,500	1,500	1,500	-
Total public safety	<u>3,851,070</u>	<u>3,840,574</u>	<u>3,763,185</u>	<u>(77,389)</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, 2017**

	<b>Budgeted Amounts</b>			<b>Variance With Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>CONSERVATION AND HEALTH</b>				
Human services	\$ 169,297	\$ 176,347	\$ 173,923	\$ (2,424)
Health agencies	104,443	104,443	103,932	(511)
General assistance	14,000	14,000	12,922	(1,078)
Visiting Nurse Association	6,747	6,747	6,747	-
Total conservation and health	294,487	301,537	297,524	(4,013)
<b>HIGHWAYS</b>				
Public works	823,521	826,823	826,248	(575)
Road improvements	450,000	450,000	450,000	-
Street lighting	143,000	144,149	143,149	(1,000)
Total highways	1,416,521	1,420,972	1,419,397	(1,575)
<b>SANITATION AND WASTE REMOVAL</b>				
Collection and disposal	903,230	903,230	856,119	(47,111)
Total sanitation and waste removal	903,230	903,230	856,119	(47,111)
<b>INSURANCE AND BENEFITS</b>				
Employee benefits	2,616,074	2,630,034	2,607,036	(22,998)
Insurance and surety bonds	338,025	212,654	204,982	(7,672)
Total insurance and surety bonds	2,954,099	2,842,688	2,812,018	(30,670)
<b>CULTURE AND RECREATION</b>				
Libraries	256,955	256,955	256,955	-
Parks and Recreation	226,282	221,282	194,042	(27,240)
Community activities	1,000	1,000	1,000	-
Total culture and recreation	484,237	479,237	451,997	(27,240)
<b>OTHER</b>				
Data processing	185,590	185,590	170,402	(15,188)
Cemeteries	17,500	17,500	17,500	-
Domestic violence	6,000	6,000	5,989	(11)
Contingency fund	120,807	97,218	48,285	(48,933)
Total other	329,897	306,308	242,176	(64,132)

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, 2017**

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
EDUCATION				
Salaries				
Certified personnel	\$ 8,996,706	\$ 9,124,282	\$ 8,967,302	\$ (156,980)
Clerical	989,673	1,002,595	1,030,758	28,163
Building administration	782,347	782,986	779,336	(3,650)
Teacher's aides	786,955	787,114	967,818	180,704
Custodial	630,432	616,628	672,860	56,232
Administration	466,613	470,953	473,820	2,867
Tutors	443,121	454,033	510,273	56,240
Nurses	250,244	255,783	271,594	15,811
Support services	190,731	193,785	194,353	568
Stipends	201,023	201,023	191,886	(9,137)
Substitutes	103,501	103,501	111,227	7,726
Summer school	88,805	72,073	90,364	18,291
Adult education/enrichment	25,201	25,201	39,146	13,945
Home bound	28,491	19,250	27,484	8,234
Total salaries	13,983,843	14,109,207	14,328,221	219,014
Employee Benefits				
Health insurance	2,088,771	2,088,771	1,609,217	(479,554)
Retirement and social security	862,889	815,316	902,878	87,562
Workmen's compensation and travel insurance	166,725	166,725	94,107	(72,618)
Total employee benefits	3,118,385	3,070,812	2,606,202	(464,610)
Purchased Services				
Public transportation	1,557,721	1,508,221	1,368,739	(139,482)
Tuition	1,235,765	1,186,415	1,298,965	112,550
Other professional services	935,470	932,937	919,952	(12,985)
Cleaning/repairing	205,316	205,316	179,236	(26,080)
Maintenance	87,463	87,463	255	(87,208)
Public utilities	287,905	287,905	244,826	(43,079)
Liability insurance	154,120	154,120	203,818	49,698
Pupil services	22,302	32,302	30,599	(1,703)
Travel, conferences and other transportation	27,390	27,790	21,003	(6,787)
Communications	55,600	55,600	32,689	(22,911)
Printing/binding	32,001	32,001	21,453	(10,548)
Property insurance	50,158	50,158	3,438	(46,720)
Instructional program improvements	600	600	-	(600)
Total purchased services	4,651,811	4,560,828	4,324,973	(235,855)

*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, 2017**

	<b>Budgeted Amounts</b>			<b>Variance With</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
				<b>Over (Under)</b>
<b>EDUCATION (Continued)</b>				
Supplies				
Other supplies	\$ 31,762	\$ 32,762	\$ 166,662	\$ 133,900
Instructional	38,095	53,287	142,419	89,132
Heat and energy	173,400	173,400	162,675	(10,725)
Custodial/maintenance	61,418	61,418	52,838	(8,580)
Textbooks	4,816	4,816	27,043	22,227
Library	13,523	11,523	22,746	11,223
Food service	1	1	159,094	159,093
Total supplies	<u>323,015</u>	<u>337,207</u>	<u>733,477</u>	<u>396,270</u>
Capital equipment				
New equipment	20,769	19,769	50,165	30,396
Dues and fees	31,312	31,312	35,757	4,445
Total capital equipment	<u>52,081</u>	<u>51,081</u>	<u>85,922</u>	<u>34,841</u>
Total education	<u>22,129,135</u>	<u>22,129,135</u>	<u>22,078,795</u>	<u>(50,340)</u>
<b>DEBT SERVICE</b>	<u>1,288,680</u>	<u>1,228,954</u>	<u>698,489</u>	<u>(530,465)</u>
<b>OTHER FINANCING USES</b>				
Transfer out to Capital and Nonrecurring Fund	801,000	1,711,200	1,711,200	-
Transfer out to Heart & Hypertension Fund	-	104,940	104,940	-
Transfer out to Storm Emergency Fund	-	12,672	12,672	-
Transfer out to Miscellaneous Grants Fund	-	10,000	10,000	-
Transfer out to Dog Fund	-	28,100	28,099	(1)
Total other financing uses	<u>801,000</u>	<u>1,866,912</u>	<u>1,866,911</u>	<u>(1)</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 37,017,091</u>	<u>\$ 37,923,291</u>	<u>\$ 36,947,606</u>	<u>\$ (975,685)</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, 2017**

Grand List Year	Balance Uncollected June 30, 2016	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2017
			Additions	Deductions			Taxes	Interest and Lien Fees	Total	
2015	\$ -	\$ 30,114,831	\$ 147,842	\$ 246,053	\$ 11,560	\$ 30,005,060	\$ 29,656,630	\$ 115,392	\$ 29,772,022	\$ 348,430
2014	335,639	-	4,054	10,745	7,222	321,726	176,038	46,477	222,515	145,688
2013	137,410	-	548	3,699	2,801	131,458	46,309	19,554	65,863	85,149
2012	127,008	-	-	2,571	2,227	122,210	22,086	14,924	14,924	100,124
2011	108,401	-	-	967	3,277	104,157	17,055	15,082	32,137	87,102
2010	106,813	-	-	918	7,087	98,808	16,348	14,160	30,508	82,460
2009	104,213	-	-	1,227	11,529	91,457	14,491	15,600	30,091	76,966
2008	85,151	-	-	819	12,207	72,125	10,069	2,817	12,886	62,056
2007	54,884	-	-	787	-	54,097	(48)	48	-	54,145
2006	8,058	-	-	896	-	7,162	(24)	24	-	7,186
2005	5,060	-	-	893	-	4,167	-	-	-	4,167
2004	2,891	-	-	866	-	2,025	-	-	-	2,025
2003	3,388	-	-	1,424	-	1,964	-	-	-	1,964
2002	3,195	-	-	1,342	-	1,853	-	-	-	1,853
2001	1,473	-	-	1,088	-	385	-	-	-	385
2000	462	-	-	-	462	-	-	-	-	-
	<u>\$ 1,084,046</u>	<u>\$ 30,114,831</u>	<u>\$ 152,444</u>	<u>\$ 274,295</u>	<u>\$ 58,372</u>	<u>\$ 31,018,654</u>	<u>\$ 29,958,954</u>	<u>\$ 244,078</u>	<u>\$ 30,180,946</u>	<u>\$ 1,059,700</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, 2017**

Total cash collections for the year ended  
June 30, 2017:

Taxes	\$ 29,958,954
Interest and lien fees	244,078
Taxing District (taxes, interest and liens)	<u>574,293</u>
Total	<u>30,777,325</u>

Reimbursement for revenue loss:

Tax relief (CGS 12-129d)	<u>139,828</u>
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Base \$ 30,917,153

	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 69,563,594	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	139,127,189	-	-	-
3-3/4 times base	-	-	115,939,324	-	-
3-1/4 times base	-	-	-	100,480,747	-
3 times base	-	-	-	-	92,751,459
Total debt limitation	<u>69,563,594</u>	<u>139,127,189</u>	<u>115,939,324</u>	<u>100,480,747</u>	<u>92,751,459</u>
Indebtedness:					
Bonds payable	4,145,000	3,420,000	-	-	-
Note payable	-	-	3,412,458	-	-
Authorized but not issued	-	2,740,000	-	-	-
	<u>4,145,000</u>	<u>6,160,000</u>	<u>3,412,458</u>	<u>-</u>	<u>-</u>
Less: sewer assessments receivable	-	-	(173,544)	-	-
Less: grant reimbursements	-	(1,702,000) *	-	-	-
Total indebtedness	<u>4,145,000</u>	<u>4,458,000</u>	<u>3,238,914</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 65,418,594</u>	<u>\$ 134,669,189</u>	<u>\$ 112,700,410</u>	<u>\$ 100,480,747</u>	<u>\$ 92,751,459</u>
Total capacity of borrowing (7 times base)	\$ 216,420,071	-62.12%			
Total present indebtedness	<u>11,841,914</u>				
Margin for additional borrowing	<u><u>\$ 204,578,157</u></u>				

\* Includes school construction progress payments estimated to be 62.12% of eligible project costs resulting in an approximate net cost to the Town of \$1,038,000.

See accompanying Independent Auditor's Report.

***Nonmajor  
Governmental  
Funds***

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	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
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ 40,515	\$ -	\$ 1,419,786	\$ 905,105	\$ 165,718	\$ 4,804	\$ 52,170
Receivables:								
Assessments and user charges	-	-	-	92,040	173,544	-	-	-
Grants and contracts	-	49,993	-	-	-	-	-	3,738
Other	-	-	815	-	-	-	-	37,817
Due from other funds	17,683	-	-	-	1,584	-	-	-
Inventories	-	7,538	-	-	-	-	-	-
Total assets	<u>\$ 17,683</u>	<u>\$ 98,046</u>	<u>\$ 815</u>	<u>\$ 1,511,826</u>	<u>\$ 1,080,233</u>	<u>\$ 165,718</u>	<u>\$ 4,804</u>	<u>\$ 93,725</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 510	\$ -	\$ 5,286	\$ 22,480	\$ -	\$ -	\$ -	\$ 3,738
Salaries and benefits payable	3,780	-	-	11,586	-	-	-	-
Due to other funds	-	32,270	4,609	138,884	-	6,800	-	-
Unearned revenue	-	-	-	403,090	-	-	-	-
Total liabilities	<u>4,290</u>	<u>32,270</u>	<u>9,895</u>	<u>576,040</u>	<u>-</u>	<u>6,800</u>	<u>-</u>	<u>3,738</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenue	-	-	-	92,040	173,544	-	-	-
<b>FUND BALANCES</b>								
Nonspendable:								
Inventories	-	7,538	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	37,817
Restricted	-	-	-	-	-	-	-	52,170
Committed to:								
Capital purposes	-	-	-	-	-	158,918	-	-
Other purposes	13,393	58,238	-	843,746	906,689	-	4,804	-
Unassigned	-	-	(9,080)	-	-	-	-	-
Total fund balances	<u>13,393</u>	<u>65,776</u>	<u>(9,080)</u>	<u>843,746</u>	<u>906,689</u>	<u>158,918</u>	<u>4,804</u>	<u>89,987</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,683</u>	<u>\$ 98,046</u>	<u>\$ 815</u>	<u>\$ 1,511,826</u>	<u>\$ 1,080,233</u>	<u>\$ 165,718</u>	<u>\$ 4,804</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, 2017**

	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	Casino Fund	Subtotal	Cemetery Trust Fund	Veterans Trust Fund	Subtotal	
<b>ASSETS</b>										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 232,962	\$ -	\$ 2,821,060	\$ 4,950	\$ -	\$ 4,950	\$ 2,826,010
Receivables:										
Assessments and user charges	-	-	-	-	-	265,584	-	-	-	265,584
Grants and contracts	-	-	-	-	-	53,731	-	-	-	53,731
Other	4,063	47,808	24	-	17,651	108,178	-	-	-	108,178
Due from other funds	903,140	160,862	10,214	-	-	1,111,675	-	-	-	1,111,675
Inventories	-	-	-	-	-	7,538	-	-	-	7,538
Total assets	<u>\$ 907,203</u>	<u>\$ 208,670</u>	<u>\$ 10,238</u>	<u>\$ 232,962</u>	<u>\$ 17,651</u>	<u>4,367,766</u>	<u>\$ 4,950</u>	<u>\$ -</u>	<u>\$ 4,950</u>	<u>\$ 4,372,716</u>
<b>LIABILITIES</b>										
Accounts payable	\$ 45,272	\$ -	\$ 24	\$ -	\$ -	\$ 77,310	\$ -	\$ -	\$ -	\$ 77,310
Salaries and benefits payable	-	6,422	-	-	-	21,788	-	-	-	21,788
Due to other funds	-	-	-	77,849	17,651	278,063	-	-	-	278,063
Unearned revenue	507,940	-	-	-	-	929,222	-	-	-	929,222
Total liabilities	<u>553,212</u>	<u>6,422</u>	<u>24</u>	<u>77,849</u>	<u>17,651</u>	<u>1,306,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,306,383</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable revenue	-	-	-	-	-	265,584	-	-	-	265,584
<b>FUND BALANCES</b>										
Nonspendable:										
Inventories	-	-	-	-	-	7,538	-	-	-	7,538
Loans receivable	-	-	-	-	-	37,817	-	-	-	37,817
Restricted	-	-	-	-	-	52,170	4,950	-	4,950	57,120
Committed to:										
Capital purposes	-	-	-	-	-	158,918	-	-	-	158,918
Other purposes	353,991	202,248	10,214	155,113	-	2,548,436	-	-	-	2,548,436
Unassigned	-	-	-	-	-	(9,080)	-	-	-	(9,080)
Total fund balances	<u>353,991</u>	<u>202,248</u>	<u>10,214</u>	<u>155,113</u>	<u>-</u>	<u>2,795,799</u>	<u>4,950</u>	<u>-</u>	<u>4,950</u>	<u>2,800,749</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 907,203</u>	<u>\$ 208,670</u>	<u>\$ 10,238</u>	<u>\$ 232,962</u>	<u>\$ 17,651</u>	<u>\$ 4,367,766</u>	<u>\$ 4,950</u>	<u>\$ -</u>	<u>\$ 4,950</u>	<u>\$ 4,372,716</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, 2017**

	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
<b>REVENUES</b>									
Intergovernmental	\$ -	\$ 291,816	\$ -	\$ 15,350	\$ -	\$ -	\$ -	\$ 216,922	\$ -
Charges for goods and services	73,452	188,687	8,111	1,996,870	188,571	-	-	-	-
Interest income	1,400	184	-	6,987	4,348	833	20	236	-
Other	-	-	-	-	-	-	1,371	32,600	-
Total revenues	<u>74,852</u>	<u>480,687</u>	<u>8,111</u>	<u>2,019,207</u>	<u>192,919</u>	<u>833</u>	<u>1,391</u>	<u>249,758</u>	<u>-</u>
<b>EXPENDITURES</b>									
Current:									
General government	-	-	-	-	-	-	-	217,897	-
Public safety	-	-	40,240	-	-	-	-	-	-
Culture and recreation	73,768	-	-	-	-	-	-	-	-
Sanitation and waste removal	-	-	-	1,675,707	-	-	-	-	-
Education	-	595,418	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	242,405	-	-	-
Total expenditures	<u>73,768</u>	<u>595,418</u>	<u>40,240</u>	<u>1,675,707</u>	<u>-</u>	<u>242,405</u>	<u>-</u>	<u>217,897</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	1,084	(114,731)	(32,129)	343,500	192,919	(241,572)	1,391	31,861	-
<b>OTHER FINANCING SOURCES (USES)</b>			-						
Transfers in	-	159,094	28,099	45,203	-	223,383	-	-	-
Transfers out	-	-	-	(200,000)	(51,174)	(45,203)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>159,094</u>	<u>28,099</u>	<u>(154,797)</u>	<u>(51,174)</u>	<u>178,180</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,084	44,363	(4,030)	188,703	141,745	(63,392)	1,391	31,861	-
Fund balances - beginning	<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>	<u>-</u>
Fund balances - ending	<u>\$ 13,393</u>	<u>\$ 65,776</u>	<u>\$ (9,080)</u>	<u>\$ 843,746</u>	<u>\$ 906,689</u>	<u>\$ 158,918</u>	<u>\$ 4,804</u>	<u>\$ 89,987</u>	<u>\$ -</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 (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	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	Casino Fund	Subtotal	Cemetery Trust Fund	Veterans Trust Fund	Subtotal	
<b>REVENUES</b>										
Intergovernmental	\$ 139,701	\$ -	\$ -	\$ 121,124	\$ -	\$ 784,913	\$ -	\$ -	\$ -	\$ 784,913
Charges for goods and services	-	195,721	9,410	240,781	-	2,901,603	-	-	-	2,901,603
Interest income	-	-	-	37	-	14,045	31	12	43	14,088
Other	98,360	-	-	-	133,342	265,673	-	-	-	265,673
Total revenues	238,061	195,721	9,410	361,942	133,342	3,966,234	31	12	43	3,966,277
<b>EXPENDITURES</b>										
Current:										
General government	142,013	-	10,093	-	133,342	503,345	-	-	-	503,345
Public safety	46,550	162,929	-	-	-	249,719	-	-	-	249,719
Culture and recreation	13,228	-	-	-	-	86,996	-	-	-	86,996
Sanitation and waste removal	-	-	-	-	-	1,675,707	-	-	-	1,675,707
Education	3,930	-	-	350,225	-	949,573	-	-	-	949,573
Capital outlays	-	-	-	-	-	242,405	-	-	-	242,405
Total expenditures	205,721	162,929	10,093	350,225	133,342	3,707,745	-	-	-	3,707,745
Excess (deficiency) of revenues over expenditures	32,340	32,792	(683)	11,717	-	258,489	31	12	43	258,532
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	16,844	-	-	-	-	472,623	-	-	-	472,623
Transfers out	-	(10,500)	-	-	-	(306,877)	-	(6,844)	(6,844)	(313,721)
Total other financing sources (uses)	16,844	(10,500)	-	-	-	165,746	-	(6,844)	(6,844)	158,902
Net change in fund balances	49,184	22,292	(683)	11,717	-	424,235	31	(6,832)	(6,801)	417,434
Fund balances - beginning	304,807	179,956	10,897	143,396	-	2,371,564	4,919	6,832	11,751	2,383,315
Fund balances - ending	\$ 353,991	\$ 202,248	\$ 10,214	\$ 155,113	\$ -	\$ 2,795,799	\$ 4,950	\$ -	\$ 4,950	\$ 2,800,749

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, 2017**

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	<b>Pension Trust Fund</b>	<b>Other Post- Employment Benefits Trust Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 727,863	\$ 112,882	\$ 840,745
Investments	23,137,464	813,267	23,950,731
Receivables	20,031	-	20,031
Total assets	<u>23,885,358</u>	<u>926,149</u>	<u>24,811,507</u>
<b>LIABILITIES</b>			
Payables	<u>-</u>	<u>18,500</u>	<u>18,500</u>
Total liabilities	<u>-</u>	<u>18,500</u>	<u>18,500</u>
<b>NET POSITION</b>			
Restricted for pension and other post-employment benefits	<u>\$ 23,885,358</u>	<u>\$ 907,649</u>	<u>\$ 24,793,007</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, 2017**

	<b>Pension Trust Fund</b>	<b>Other Post- Employment Benefits Trust Fund</b>	<b>Total</b>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 966,582	\$ 121,523	\$ 1,088,105
Plan members	289,571	-	289,571
Total contributions	<u>1,256,153</u>	<u>121,523</u>	<u>1,377,676</u>
Investment earnings:			
Interest and dividends	460,038	14,592	474,630
Net increase in the fair value of investments, net of fees	<u>1,736,328</u>	<u>58,709</u>	<u>1,795,037</u>
Total investment earnings	<u>2,196,366</u>	<u>73,301</u>	<u>2,269,667</u>
Total additions	<u>3,452,519</u>	<u>194,824</u>	<u>3,647,343</u>
<b>DEDUCTIONS</b>			
Benefit payments	1,257,934	-	1,257,934
Administrative expenses	<u>23,946</u>	<u>3,905</u>	<u>27,851</u>
Total deductions	<u>1,281,880</u>	<u>3,905</u>	<u>1,285,785</u>
Change in net position	2,170,639	190,919	2,361,558
Net position - beginning	<u>21,714,719</u>	<u>716,730</u>	<u>22,431,449</u>
Net position - ending	<u><u>\$ 23,885,358</u></u>	<u><u>\$ 907,649</u></u>	<u><u>\$ 24,793,007</u></u>

*See accompanying Independent Auditor's Report.*

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2017**

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	<b>Student Activities</b>	<b>Performance Bonds</b>	<b>Total Agency Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 121,315	\$ -	\$ 121,315
Receivables	-	348,384	348,384
Total assets	<u>\$ 121,315</u>	<u>\$ 348,384</u>	<u>\$ 469,699</u>
<b>LIABILITIES</b>			
Due to student groups	\$ 121,315	\$ -	\$ 121,315
Due to others	-	348,384	348,384
Total liabilities	<u>\$ 121,315</u>	<u>\$ 348,384</u>	<u>\$ 469,699</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, 2017**

	<b>Balance, July 1, 2016</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance, June 30, 2017</b>
<b>Student Activities Fund</b>				
Assets				
Cash and cash equivalents	\$ 120,717	\$ 170,232	\$ 169,634	\$ 121,315
Liabilities				
Due to student groups	\$ 120,717	\$ 170,232	\$ 169,634	\$ 121,315
<b>Performance Bonds</b>				
Assets				
Receivables	\$ 446,680	\$ 82,616	\$ 180,912	\$ 348,384
Liabilities				
Due to others	\$ 446,680	\$ 82,616	\$ 180,912	\$ 348,384
<b>Total All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 120,717	\$ 170,232	\$ 169,634	\$ 121,315
Receivables	446,680	82,616	180,912	348,384
Total assets	\$ 567,397	\$ 252,848	\$ 350,546	\$ 469,699
Liabilities				
Due to student groups	\$ 120,717	\$ 170,232	\$ 169,634	\$ 121,315
Due to others	446,680	82,616	180,912	348,384
Total liabilities	\$ 567,397	\$ 252,848	\$ 350,546	\$ 469,699

*See accompanying Independent Auditor's Report.*

***Other  
Supplementary  
Information***

# TOWN ORGANIZATIONAL CHART

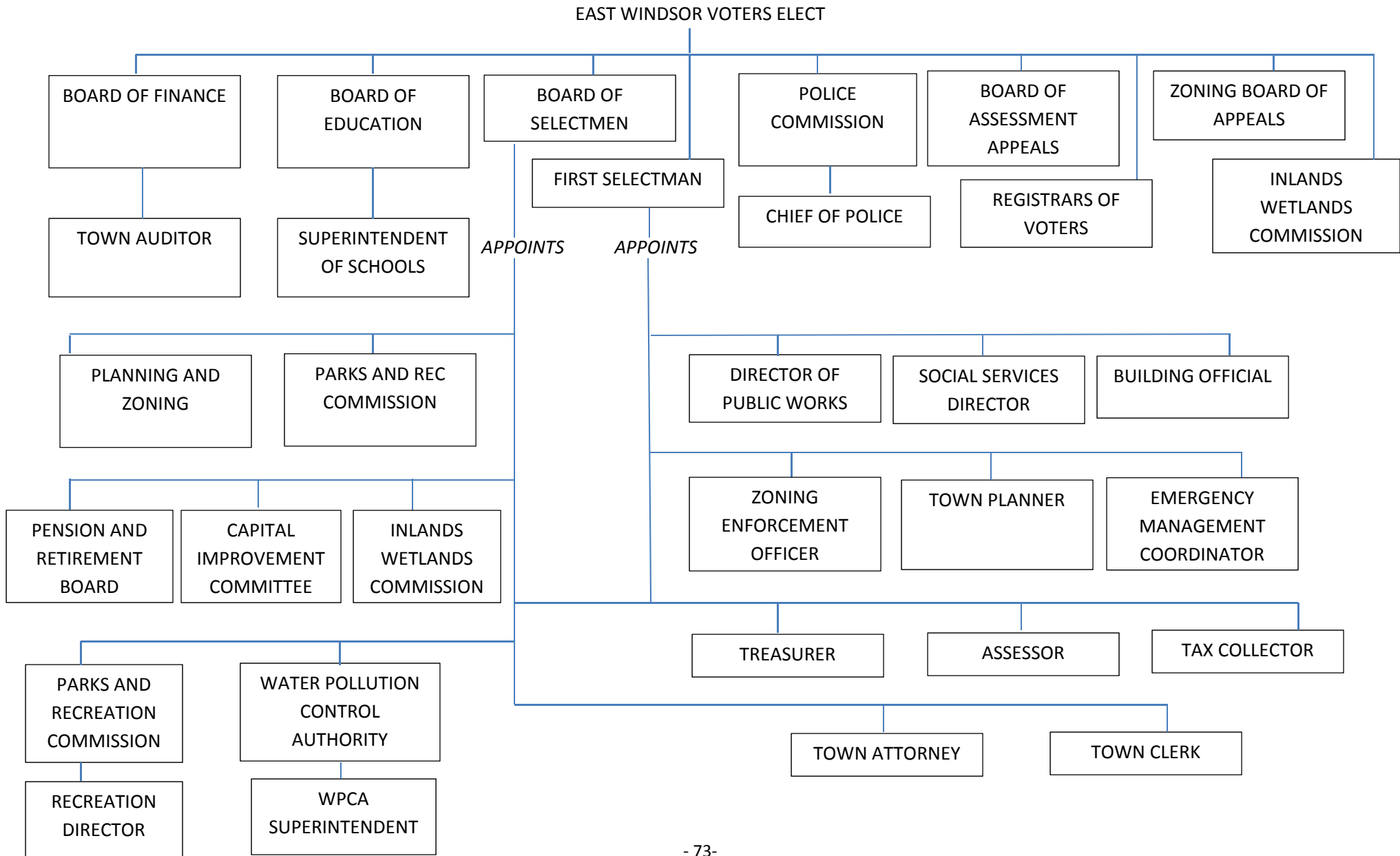


Table 2

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**PROPERTY TAX LEVIES AND COLLECTIONS -**  
**LAST TEN 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, 2017
2017	2015	\$ 962,147	30.93	\$30,016,620	98.8%	1.2%	1.2%
2016	2014	951,996	30.31	29,107,370	98.9%	1.1%	0.5%
2015	2013	952,493	29.78	28,444,386	98.6%	1.4%	0.3%
2014	2012	932,907	29.78	27,238,385	97.7%	2.3%	0.4%
2013	2011	1,091,168	24.73	27,063,848	97.9%	2.1%	0.3%
2012	2010	1,082,305	24.38	26,420,690	97.6%	2.4%	0.3%
2011	2009	1,077,999	24.00	25,804,815	97.4%	2.6%	0.3%
2010	2008	1,076,876	21.75	23,167,459	97.1%	2.9%	0.3%
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 TEN FISCAL YEARS**  
*(Unaudited)*

GRAND LIST DATED	RESIDENTIAL REAL PROPERTY PERCENT	COMMERCIAL AND INDUSTRIAL REAL PROPERTY PERCENT	VACANT LAND PERCENT	PERSONAL PROPERTY PERCENT	MOTOR VEHICLE PERCENT	GROSS TAXABLE GRAND LIST	LESS EXEMPTIONS	NET TAXABLE GRAND LIST (1)	PERCENT CHANGE
10/1/2015	56.2%	25.2%	0.9%	8.6%	9.2%	996,080,360	33,933,440	962,146,920	1.07%
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, 2017**  
*(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
2017	\$ 1,208	1.43%	1.38%	1.01%	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
2017	\$ 1,043	1.23%	1.19%	0.88%	2.37%

(1) Overall Debt: \$13,717,458

(2) Net Direct Debt: \$11,841,914

(3) Net Equalized Grand List: 1,352,524,745

*See accompanying Independent Auditor's Report*



Table 5

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**RATIOS OF DIRECT GROSS GENERAL BONDED DEBT TO ASSESSED VALUE**  
**JUNE 30, 2017**  
*(Unaudited)*

FISCAL YEAR ENDED JUNE 30	POPULATION*	ASSESSED VALUE	DIRECT GROSS INDEBTEDNESS	RATIO OF GROSS INDEBTEDNESS TO ASSESSED VALUE	GROSS INDEBTEDNESS PER CAPITA
2017	11,355	\$ 962,146,920	\$ 13,717,458	1.43%	\$ 1,208

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

*See accompanying Independent Auditor's Report*

Table 6

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**COMPUTATION OF NET DIRECT DEBT**  
**JUNE 30, 2017**  
*(Unaudited)*

DESCRIPTION	DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO TOWN	TOWN SHARE OF DEBT
Current Debt:			
General purpose	\$ 4,145,000	100%	\$ 4,145,000
Schools	3,420,000	100%	3,420,000
Sewers	3,412,458	100%	3,412,458
Total Current Indebtedness			<u>10,977,458</u>
Direct Bonded Indebtedness	10,977,458	100%	10,977,458
Authorized but not issued	2,740,000	100%	<u>2,740,000</u>
Gross direct indebtedness			13,717,458
Exclusion: School Construction Grants Receivable			(1,702,000) *
Exclusion: Assessment Receivable			<u>(173,544)</u>
Total net direct indebtedness			<u>\$ 11,841,914</u>

\* Includes school construction progress payments estimated to be 62.12% of eligible project costs resulting in an approximate net cost to the Town of \$1,038,000.

*See accompanying Independent Auditor's Report*

Table 7

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**TEN LARGEST PRINCIPAL TAXPAYERS**  
**2015 GRAND LIST**  
*(Unaudited)*

NAME OF TAXPAYER	NATURE OF BUSINESS	TAX ASSESSED (1)	% NET TAXABLE GRAND LIST (2)
Southern Auto Sales, Inc. & Related Entities	Car Dealership	\$ 23,790,010	2.20%
Wal-Mart Stores East LP	Retail	21,834,220	2.01%
The Mansions at Canyon Ridge LLC	Apartments	19,261,970	1.78%
Millpond Limited Partnership	Apartments	15,501,520	1.43%
Sustainable Building Systems USA LLC & Related Entity	Commercial Property	14,993,970	1.38%
EverSource & Related Entities	Utility	11,063,090	1.02%
Blue Dog Properties Trust	Commercial Property	10,990,100	1.01%
Balch Bridge Street Corp. & Related Entities	Commercial Property	9,135,090	0.84%
East Windsor Properties Limited Partnership	Apartments	8,776,440	0.81%
Fremont Prospect Hill Road LLC	Hospitality	8,184,460	0.76%
Totals		\$ <u>143,530,870</u>	<u>13.25%</u>

(1) Net Taxable Grand List 10/1/2015

(2) Net Taxable Grand List 10/1/2015 Amount: \$962,147

Source: Town Officials

Table 8

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

FISCAL YEAR ENDING	PRINCIPAL PAYMENTS	INTEREST PAYMENTS	TOTAL PAYMENTS
2018	\$ 671,326	\$ 288,672	\$ 959,998
2019	677,875	268,045	945,920
2020	539,466	248,644	788,110
2021	546,101	230,466	776,567
2022	547,782	212,135	759,917
2023	544,508	195,799	740,307
2024	536,282	182,750	719,032
2025	538,104	170,937	709,041
2026	354,977	161,146	516,123
2027	356,902	153,374	510,276
2028	358,878	145,539	504,417
2029	360,911	137,636	498,547
2030	362,999	129,666	492,665
2031	365,144	121,627	486,771
2032	367,348	113,302	480,650
2033	369,612	104,619	474,231
2034	371,939	95,715	467,654
2035	384,330	86,476	470,806
2036	391,786	76,837	468,623
2037	394,311	66,906	461,217
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>\$ 10,977,458</u>	<u>\$ 3,746,837</u>	<u>\$ 14,724,295</u>

*See accompanying Independent Auditor's Report*

Table 9

**TOWN OF EAST WINDSOR, CONNECTICUT**  
**CHANGES IN GENERAL FUND FUND BALANCE**  
**LAST SIX FISCAL YEARS**  
*(Modified Accrual Basis of Accounting - Unaudited)*

	Fiscal Year					
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
<b>Revenues</b>						
Property taxes	\$ 26,659,418	\$ 27,489,393	\$ 28,008,686	\$ 28,868,977	\$ 29,484,942	\$ 30,248,423
Intergovernmental	8,420,974	8,842,174	8,810,002	8,983,491	8,686,073	8,696,498
Licenses, fees, and charges for goods and services	1,006,865	487,094	538,040	536,450	618,911	626,723
Revenue from use of money	16,936	14,550	10,765	13,387	29,854	68,950
Other revenues	15,278	-	-	-	-	-
Total revenues	36,119,471	36,833,211	37,367,493	38,402,305	38,819,780	39,640,594
<b>Expenditures</b>						
General government	2,592,865	2,622,366	2,496,432	2,219,414	2,369,636	2,460,995
Public safety	4,778,687	4,870,222	5,015,420	3,939,523	4,067,425	3,763,185
Conservation and health	337,002	322,968	328,579	271,298	291,623	297,524
Highways	1,199,838	1,410,949	1,545,390	1,019,639	1,174,958	1,424,969
Sanitation and waste removal	820,420	812,211	814,819	844,217	828,529	856,119
Culture and recreation	452,608	465,146	458,738	437,978	401,880	451,997
Education	21,503,161	22,517,698	23,072,375	23,299,723	24,287,205	24,647,004
Insurance and benefits	266,095	431,107	385,601	2,967,797	2,843,089	2,882,018
Miscellaneous	193,223	298,099	168,961	182,802	248,018	242,176
Capital outlays	300,088	319,441	435,575	-	-	-
Debt service	1,610,903	1,396,258	1,410,318	1,062,306	1,032,169	698,489
Total expenditures	34,054,890	35,466,465	36,132,208	36,244,697	37,544,532	37,724,476
Excess of revenues over (under) expenditures	2,064,581	1,366,746	1,235,285	2,157,608	1,275,248	1,916,118
<b>Other Financing Sources (Uses)</b>						
Payment to refunded bond escrow agent	-	-	(2,757,515)	-	-	-
Proceeds from bonds, notes and capital leases	-	-	2,640,000	-	-	-
Premium on bonds and notes	-	-	162,419	-	-	-
Transfers in	-	-	324,447	-	29,772	153,385
Transfers out	(483,884)	(610,820)	(425,765)	(918,341)	(801,000)	(1,908,393)
Total other financing sources (uses)	(483,884)	(610,820)	(56,414)	(918,341)	(771,228)	(1,755,008)
Net change in fund balances	1,580,697	755,926	1,178,871	1,239,267	504,020	161,110
Fund balance, beginning of year	3,935,859	5,516,556	6,272,482	7,451,353	8,690,620	9,194,640
Fund balance, end of year	\$ 5,516,556	\$ 6,272,482	\$ 7,451,353	\$ 8,690,620	\$ 9,194,640	\$ 9,355,750

See accompanying Independent Auditor's Report